

The Loan Arranger

Spring 2007

Revolving Loan and Operator Certification Section
Environmental Science and Services Division

Michigan Department of Environmental Quality 

S2 Grant Funds Exhausted By Chip Heckathorn

The passage of Public Act 254 of 2005 diverted \$40 million of bonding authorization from the Strategic Water Quality Initiatives Fund (SWQIF) to a new grant program. That program, which has come to be called the S2 Grant Program, was created to provide additional subsidy to communities utilizing Michigan's State Revolving Fund (SRF) and SWQIF loan programs. Grant funds covered up to 90 percent of the costs incurred to complete a loan application (project planning, design plan/specification preparation, and completion of a revenue system).

From June 2006 through April of this year, staff reviewed and approved a total of 125 grant applications for S2 Grant assistance which committed the full \$40 million authorized for the program. Grant agreements have been signed for 115 of those projects and the Department is currently seeking authorization to enter into agreements on the remaining 10.

General obligation bonds have been sold for the entire \$40 million and the proceeds from that sale were deposited with an outside trustee in July 2006. Through May 2007, nearly \$14.5 million of those proceeds have been disbursed to grant recipients as eligible project costs have been incurred, and payments are continuing at an average of nearly \$500,000 per week.

The Department has ceased accepting new S2 Grant applications. Municipalities should be reminded the tasks that the S2 Grant Program could cover are eligible for reimbursement through the SRF and SWQIF loan programs. As always, communities considering the loan programs are encouraged to contact program staff to schedule a preplanning conference before planning is initiated.

DEQ'S LOAN COMMITMENTS

The Department of Environmental Quality's Director, Steven E. Chester, has announced sixteen new loan commitments from the revolving fund programs. The State Revolving Fund (SRF) and Strategic Water Quality Initiatives Fund (SWQIF) provide low-interest financing for local units of government to make needed improvements to wastewater collection and treatment facilities, while assistance from the Drinking Water Revolving Fund (DWRf) finances improvements to public drinking water systems. The loans announced total \$74,170,000.

"We continue to make progress in protecting and enhancing Michigan's irreplaceable water resources," said Director Chester. "While funding needed infrastructure improvements, these loans stimulate construction activity and represent a real investment in Michigan's environmental and economic future."

The funded SRF/SWQIF projects include:

- \$26,000,000 to the city of Lansing for continuation of its long-term sewer separation plan, which will eventually eliminate overflows of combined sewage into the Grand River.
- A loan of \$3,040,000 to the city of Port Huron for another segment of its efforts to complete separation of its combined sewers.
- \$7,730,000 of assistance to Tuscola County to finance improvements to the village of Caro's wastewater collection and treatment system.
- Financing of \$17,010,000 to the city of Marquette for wastewater treatment plant improvements and replacement of portions of its sewer system.
- \$3,040,000 to the city of Richmond. The loan will fund the construction of an equalization basin and the replacement of an interceptor sewer.
- A loan of \$1,400,000 to the village of Saranac for the upgrade of its wastewater treatment plant and the rehabilitation of portions of its sewer system.
- A SWQIF loan of \$965,000 to the city of Ann Arbor, the fourth in a series of loans, for continuation of its footing drain disconnection program. The program will accomplish the removal of groundwater from the city's sanitary sewer system and help prevent sanitary sewer overflows and basement back-ups.

These commitments bring SRF financing awarded to Michigan communities to date to over \$2.4 billion. These projects are further examples of the commitments being made by local units of government in Michigan to ensure protection of the state's valuable water resources and the public health of its citizens.

The funded DWRf projects include:

- \$3,900,000 to the city of Mt. Clemens. The loan will be used for improvements to the city's water treatment facility and distribution system.
- A loan of \$2,295,000 to the Ypsilanti Community Utilities Authority for the replacement of and looping of water mains in Ypsilanti Township. The city of Ypsilanti also received a loan of \$375,000 for the replacement of mains within the city.

- \$1,180,000 in assistance to the village of Pentwater for the installation of arsenic removal facilities to meet new federal drinking water standards, the replacement of watermain and the rehabilitation of an elevated storage tank.
- \$935,000 to West Bloomfield Township in Oakland County for the first of a two-phase project to upgrade its drinking water distribution system.
- A loan of \$2,950,000 to the city of Escanaba for improvements to its water treatment and storage facilities.
- \$450,000 to Barry County to assist Yankee Springs Township with the installation of Arsenic removal facilities.
- Loan assistance of \$950,000 to Watersmeet Township in Gogebic County for the construction of a new well and storage tank.
- \$1,950,000 to the city of Port Huron for another segment of its long-term watermain replacement program.

**Deadline for Submission of
Project Plans for the Fiscal Year 2008
Project Priority Lists
for the
State Revolving Fund/Strategic Water
Quality Initiatives Fund– Project Plans must
be
received OR postmarked no later than
July 1, 2007.**

Update on Environmental Reviews: Part 1 by Cindy Clendenon

Developing a project plan that is protective of the environment is the first step in obtaining revolving loan assistance from the SRF/DWRF programs. To aid in the environmental assessment process, loan applicants need to request certain agency reviews a few months prior to the due date of the project plan.

The agencies most commonly contacted during planning are identified in this article. In addition, your project may require other reviews by federal and state agencies not listed here. For further information, refer to the SRF/DWRF Project Plan Preparation Guidance, particularly Appendix B, "Applicant Actions."

The addresses below are current as of May 2007, and some differ from older guidance documents still in circulation. We are in the process of updating Appendix B. In the meantime, this article should be helpful as you contact the environmental reviewers as part of your project plan development.

Tips and Expectations

Regardless of the nature of the SRF/DWRF project, you must always contact four agencies: the State Historic Preservation Office (SHPO); all Tribal Historic Preservation Officers (a new requirement); MDNR Wildlife Division; and the Central Screener for the MDEQ Land and Water Management Division (LWMD). If there is uncertainty regarding the possible presence of, or effects on, federally

listed species or their habitat, you must also contact the U.S. Fish and Wildlife Service.

At a minimum, include the following in your correspondence:

- An appropriately detailed map showing the area(s) affected by the proposed construction. Generalized index maps alone are insufficient.
- The location of the proposed area(s) of construction using the Congressional Land Survey System (Township, Range, and Section). Because database searches are based on coordinates and/or sections, ensure that you are using accurate coordinates of the actual construction site(s). Do not use coordinates of permitted facility discharge points or municipal water intake points unless construction will occur there. Inaccurate construction location information may invalidate the environmental review and require a re-review.
- A description of the proposed construction that contains sufficient detail to allow the reviewing agency to adequately assess possible impacts of the proposed action.
- A reasonable date when comments should be returned to the applicant. A typical timeframe is one month.

If the reviewing agencies require detailed surveys, all such surveys must be completed prior to our issuance of the final environmental assessment. Surveys may be required to better define historical-archaeological-cultural resources, biological resources, and wetlands.

If a wetland survey is required, we encourage applicants to engage a private wetlands consultant because it expedites our state environmental review process and also the permit review process. Alternately, applicants may choose to utilize the Wetland Identification Program administered by the LWMD (formerly called the Wetland Assessment Program).

Although environmental reviews are not necessary with regard to soil erosion and sedimentation control, municipal stormwater discharge, construction-site stormwater discharge, facility discharge permits, and residuals management plans, you must ensure that your project plan considers the need for these regulatory coverages. The MDEQ environmental assessment must address these project aspects as well as the aspects described below.

State Historic Preservation Office

When completing the application for Section 106 review, record Andrew Lausted as the federal contact and Chip Heckathorn as the state contact.

Environmental Review Coordinator
Michigan State Historic Preservation Office
Michigan Historical Center
702 West Kalamazoo Street
P.O. Box 30740
Lansing, MI 48909

Andrew Lausted
State and Tribal Programs Branch
Mailcode WS-15J
U.S. Environmental Protection Agency, Region 5
77 West Jackson Boulevard
Chicago, IL 60604

Chip Heckathorn
MDEQ-ESSD-RLOCS
P.O. Box 30457
Lansing, MI 48909

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**2008 FINANCING SCHEDULE
for the State Revolving Fund (SRF), the
Drinking Water Revolving Fund (DWRF) and the
Strategic Water Quality Initiatives Fund (SWQIF)**

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Part I of Application Due	09/07/07	11/28/07	02/22/08	05/30/08
Part II Application Due FNSI Clearance Plans & Specs Approved User Charge System Approved	09/25/07	01/04/08	03/28/08	06/20/08
Bid Ad Published No Later Than	09/24/07	01/07/08	03/31/08	06/23/08
Part III of Application Due Bid Data Submittal	11/08/07	02/21/08	05/16/08	08/08/08
DEQ Order of Approval Issued*	11/21/07	03/13/08	06/05/08	08/29/08
Borrower's Pre-Closing with the Michigan Municipal Bond Authority	12/04/07	03/19/08	06/11/08	09/10/08
MMBA CLOSING	12/14/07	04/01/08	06/23/08	09/22/08

*In addition to MMBA requirements, all municipal bond sales must be reviewed and approved by the Local Audit and Finance Division of the Michigan Department of Treasury before an Order of Approval can be issued.

AN APPROVABLE APPLICATION FOR A REVOLVING FUND LOAN MUST INCLUDE:

1. A completed revolving fund application (Parts I, II, and III) including all required application information and assurances.
2. A detailed project description, cost breakdown, and project schedule.
3. Financial documentation to demonstrate ability for timely repayment of the loan and other assurances required by the application. (Part I)
4. If applicable, all executed intermunicipal service agreements. (Part II)
5. An approved User Charge System. (Part II)
6. An approved Project Plan. (Part II)
7. A set of plans and specifications suitable for bidding, including DEQ construction permit. (Part II)
8. A certified resolution from the applicant designating an authorized representative. (Part II)
9. Verification that the project has been advertised for bids or other appropriate procurement action. (Part II)

**Public Hearing Date for the Fiscal Year 2008
Intended Use Plan, and Project Priority List**

for the

Drinking Water Revolving Fund-August 22, 2007

**Public Hearing Dates for the Fiscal Year 2008
Intended Use Plan, and Project Priority Lists**

for the

**State Revolving Fund/Strategic Water Quality
Initiatives Fund-September 26, 2007**

Update on Environmental Reviews: Part 2

by Cindy Clendenon

Tribal Historic Preservation Officers - New

Tribal Historic Preservation Officers (THPOs) are one of the mandatory consulting parties under Section 106. While the SHPO may have information concerning religious or culturally significant tribal lands which is made known during its review, it is recognized that its database is not comprehensive. Consequently, in all cases during project planning, regardless of whether the project occurs on tribal lands, loan applicants are required to make a reasonable, good-faith effort to identify any Indian tribes or Native Hawaiian organizations that might attach religious and cultural significance to historic properties in the area of potential effects, and invite them to be consulting parties.

A list of THPOs arranged by counties will be provided on the DEQ website when it becomes available. Because of the movement of tribes and the potential for tribes to attach religious and cultural significance to historic properties located on another tribe's lands, there will be more than one contact per county. For example, projects in Lapeer County require fourteen different THPOs to be contacted.

If the THPO determines that historic properties with religious and/or cultural significance will be impacted by the proposed project, the applicant must either select an alternative project site or integrate into the project design the mitigative measures recommended by the THPO.

U.S. Fish and Wildlife Service - New

Section 7 of the federal Endangered Species Act is the mechanism by which federal agencies ensure the actions they take, including projects they fund, do not jeopardize any listed species. The U.S. Fish and Wildlife Service (USFWS) has initiated a new streamlined review process whereby their written concurrence may not be required for some SRF/DWRF projects.

In essence, the USFWS does not need to be consulted if your project is in an urban area where no suitable wildlife habitat is present, or if construction work is limited to existing structures, or if the loan applicant consults with a qualified biologist who can document that no such habitat exists and there is no potential for endangered or threatened species to be present, or that there would be no effect on any listed species.

However, you must contact the USFWS at the address below if there is uncertainty regarding the possible presence of, or effects on, listed species or their habitat. In these cases, the USFWS must provide a list of species in the project area, and, depending on potential effects of the project as determined by the action agency or consultant, may also provide written concurrence as per the previous standard practice for SRF/DWRF projects.

Field Supervisor
U.S. Fish and Wildlife Service
East Lansing Field Office
2651 Coolidge Road, Suite 101
East Lansing, MI 48823

More information is on the Section 7 Consultation webpage at www.fws.gov/midwest/endangered/section7/index.html. Step-by-step instructions are available through the Technical Assistance link on this page. The USFWS requests action agencies and representatives to conclude

consultation without USFWS concurrence when a "no effect" determination is appropriate as described in Step 2.

MDNR Wildlife Division - Revised

Previous SRF/DWRF guidance identified the Michigan Natural Features Inventory (MNFI) as the portal of contact for endangered species reviews. Although MNFI assists MDNR with some activities, all correspondence should be directed to MDNR.

Environmental Review
Attn: Lori Sargent
MDNR Wildlife Division
Natural Heritage Program
P.O. Box 30180
Lansing, MI 48909

MDEQ Land-Water Review (Central Screener)-Revised

Environmental reviews involving the land-water interface are now conducted by Mr. John Skubinna. He is our central screener for activities regulated by the Land and Water Management Division (LWMD). For most SRF/DWRF projects, a single inquiry to Mr. Skubinna is adequate to initially assess possible permit requirements involving the LWMD. He will advise you whether other offices should be contacted, such as the U.S. Army Corps of Engineers. Additional federal review often is necessary for approval of projects involving waters under federal jurisdiction.

The LWMD regulates activities under several parts of 1994 Public Act 451, as amended. Frequently, SRF/DWRF projects will require a Joint Permit for floodplains (Part 31), wetlands (Part 303), or inland lakes and streams (Part 301), or a combination. Less frequently, a project will need a permit pertaining to dam safety or to certain coastal lands, such as Great Lakes shorelands. Early assessment of the project can help prevent oversights and possible delays at the Joint Permit stage.

For the purpose of screening SRF/DWRF projects, Mr. Skubinna replaces all former contacts from the LWMD, including the Permit Consolidation Unit.

John Skubinna
MDEQ-ESSD-Pollution Prevention Section
Compliance Assistance Unit
P.O. Box 30457
Lansing, MI 48909

Regional Planning Agency

For SRF/DWRF purposes, regional planning agencies primarily are involved with population projections. The loan applicant must obtain concurrence from the relevant planning agency regarding population projections for the area of study. If the planning agency disagrees with the projections, the applicant must use numbers the agency approves.

The applicant also should inform the regional planning agency of the proposed project scope. Some agencies may want to review for consistency and possible impacts on local or regional plans for development and water/wastewater management. When political units work jointly on infrastructure projects, the individual units of government may want to comment.

If the applicant municipality is in Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, or Wayne County, a copy of the entire project plan must be sent to the Southeast Michigan Council of Governments (SEMCOG). SEMCOG must approve the plan before the DEQ can finalize its environmental assessment.

A clickable map with links to all planning and development regions in Michigan is at www.ecmpdr.org/_miregionsmap.htm. A list of mailing addresses is also in the SRF/DWRF Project Plan Preparation Guidance.

Important Agricultural Land

If your project may convert farmland either directly or indirectly (e.g., by restricting access or inducing future growth), contact the U.S. Department of Agriculture, Natural Resources Conservation Service (NRCS), Michigan State Office. The State Conservationist performs a review under the National Environmental Policy Act and Farmland Protection Policy Act. If there may be a negative impact on prime and unique farmland, the NRCS will give instructions regarding completion of the Farmland Conversion Impact Rating Form AD-1006.

State Conservationist
USDA-NRCS-Farmland Preservation Program
3001 Coolidge Road, Suite 250
East Lansing, MI 48823

If your project may affect farmland protected via state-level programs, contact the Michigan Department of Agriculture.

Farmland Preservation Office
Michigan Department of Agriculture
Environmental Stewardship Division
P.O. Box 30449
Lansing, MI 48909

Federal/State Protected Rivers - Revised

Rivers designated for protection under federal and/or state laws sometimes are encountered in SRF/DWRF projects. An overview is included here to distinguish the federal and state programs. Additionally, many rivers are proposed for study or inclusion, but are not currently regulated. Information on river segments designated or considered for protection can be found on the websites below.

Michigan rivers with segments designated as part of the National Wild and Scenic Rivers System, administered by the National Park Service, are listed at www.rivers.gov/wildriverslist.html#mi. Michigan rivers classified as Congressionally Authorized Study Rivers are listed at www.rivers.gov/study.html. Michigan river segments in the Nationwide Rivers Inventory are listed at www.nps.gov/rta/nri/states/mi.html.

The state-level program is called the Michigan Natural Rivers Program. A list of Michigan Natural Rivers and their tributaries can be found on the MDNR website: www.michigan.gov/dnr → Forests, Land and Water → Water Management → Natural Rivers → Overview (Related Resources) → Designated Rivers Listed by County. A statewide map and individual maps are available from the Overview webpage by clicking the topmost link, "Michigan's Natural Rivers Program."

If your project may affect a federal or state designated river shown on the above-mentioned maps or lists, contact the MDNR Natural River Administrator. While the River Administrator has regulatory authority only over state-designated Natural Rivers, the office can answer questions about protective regulations and redirect the inquirer to the appropriate federal office for further information.

Natural River Administrator
MDNR Fisheries Division
PO Box 30446
Lansing, MI 48909

MAKING TRACKS

Earlier this year the Revolving Loan and Operator Certification Section (RLOCS) welcomed two new staff into our fold!

Mark Conradi joined the RLOCS as an Analyst. Mark recently graduated from Michigan State University with a Bachelors of Science in Environmental Economics and Policy. During his senior year, and continuing three months after his August 2006 graduation, Mark worked as a student assistant in the Brownfield Redevelopment program in the DEQ. Mark enjoys ensuring communities have complete and workable User Charge Systems and is anxious to help Michigan accurately report of all its current and future wastewater needs with his upcoming assignment on the 2008 Clean Watersheds Needs Survey.

Clarence Jones earned a Bachelor of Science degree in Biology from Cleveland State University in Cleveland, Ohio before attending 3 years of Dental School at Case Western Reserve University, also in Cleveland, Ohio. During this time Clarence worked in the Hematology Lab as a Medical Technologist at Mt. Sinai Hospital in Cleveland. After relocating to Lansing, Clarence joined the former Wyeth-Ayerst Laboratories infant nutritional facility in Mason, Michigan as a Quality Assurance Chemical Laboratory Analyst. Clarence joined the Environmental Science and Services Division (ESSD) in 2004 as a Laboratory Scientist in the Inorganic Chemistry Lab before being reassigned to the Revolving Loan and Operator Certification Section of ESSD. Clarence is eager to learn the DWRF and SRF processes to help communities in Michigan to enhance their quality of life through upgrades to their drinking water and wastewater treatment systems.

We at RLOCS are very lucky and happy to have Mark and Clarence join us and look forward to having them work with us in the years to come!

We also wish to send congratulations and fare well wishes to **Dave Krusik** who retired from his position in RLOCS as the East Unit Supervisor on May 4, 2007. After 28 years of service with the State of Michigan we here at RLOCS will sorely miss him.



If you know someone, who would like to be added to *The Loan Arranger* mailing list, or have an address change, please e-mail the editor, Mrs. Deana M. Kinney, at Kinneydm@michigan.gov

The Loan Arranger

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